

Mitsubishi caught up in Nedcar row

By Simon Kuper
in Amsterdam

Mitsubishi's investment in its Dutch car plant was embroiled in controversy yesterday after a senior executive was quoted as saying the Japanese group might make some vehicles in Portugal or eastern Europe unless productivity improved.

Sales Europe, was reported in the Dutch newspaper on Saturday as saying: "To be honest, the productivity of Nedcar has disappointed us. It is giving me headaches. Our importers and dealers all over Europe are constantly complaining about the supply problems." Mr Sato was quoted as saying Mitsubishi could move some production to its commercial vehicle plant in Portugal, or open a new factory in Ukraine or elsewhere in eastern Europe.

officials yesterday denied Mr Sato had made the comments. "We have no plans to stop production of cars at Nedcar," the company said. Nedcar, a joint venture between Mitsubishi, Volvo

Isma, which the group claims is the first Japanese car produced exclusively for the European market. Volvo and Mitsubishi called Nedcar a "world first" in carmaking when produc-

tion began last year, because the plant makes two separate models for two different markets in the same assembly line. The production system was test run in

Japan and then shipped piece by piece to Born. The two manufacturers have invested about SKR1.2bn (\$1.8bn) in the plant so far. Mr Wim Garsen, district administrator of the FNV, the main Dutch trade union, estimated yesterday that the reduced output could cost Nedcar FI 600m (\$86m) this year in lost sales. He said the plant's current total of 6,500 employees was almost a third more than budgeted, and he forecast large losses for 1996.

Ankara, Tehran in \$20bn gas deal

By John Barham in Ankara

Turkey yesterday signed a multibillion dollar deal to import natural gas from Iran in defiance of Washington's threat to take action against companies investing in the Iranian oil and gas industry. The two countries' energy ministers signed a memorandum of understanding on the last day of an official visit to Iran by Mr Necmettin Erbakan, Turkey's Islamist prime minister.

The pipeline was ready, dismissing the agreement as a gesture of political goodwill. Mr Henry Rich, energy analyst at Edinburgh brokers Wood Mackenzie, said: "There are obvious problems such as [possible US] sanctions and the impracticalities of building a pipeline across the mountainous eastern part of Turkey." Economists doubt the near-bankrupt Turkish treasury has sufficient funds to pay for the pipeline, expected to cost about \$2bn. Finding international backing for the project will be hard. Washington would veto loans by multilateral agencies such as the World Bank.

Iran has claimed it reached an agreement with Kazakhstan over the weekend to allow exports of Kazakh oil to international markets via Iran. The official Iranian news agency IRNA said the two governments signed an agreement on Saturday. Kazakh officials declined to comment on the report.

Iran and the Dutch government in Born in south-eastern Netherlands, is currently the Japanese group's only European carmaking site. It makes the Mitsubishi Car-

Venezuela, US in air safety accord

By Ray Collitt in Caracas

Venezuela and the US have reached a deal to normalise air traffic between the two countries after it was virtually halted last week during a dispute over airline safety regulations. The deal grants Venezuela 30 days to comply with US aviation safety requirements and averts a ban on Venezuelan airlines in the US. The US Federal Aviation Administration (FAA) was close to barring Venezuelan aircraft from landing in the US after seeing little improvement in Venezuelan airlines' safety since placing the country on a probationary aviation safety rating in November.

even to the detriment of domestic airlines. Flights would be cancelled and airlines' licences revoked "because this is also a commitment by the airlines," he told the Caracas daily newspaper, El Universal. The FAA said Venezuela had until September 9 to meet the terms of the agreement. "This is the final opportunity for Venezuela to prove it has the ability to move forward to the highest level of aviation safety," an official of the FAA said.

Hizbollah reinvents itself as political force

The militia wishes to prepare for the day Israel leaves Lebanon and it is reined in by Syria, writes David Gardner

The black-windowed Range Rover, with curtains of black gauze enclosing the back seat to obscure the passenger's view, edges through Beirut's teeming southern suburbs. Freedom of Hizbollah, Lebanon's Shi'a Moslem fundamentalist militia. Suddenly the automatic door of a garage shuts off all light. A door opens and, after a search by Hizbollah security, the visitor ascends to the chambers of Sheikh Hassan Nasrallah, leader of the Party of God.



Sheikh Nasrallah at the head of a Hizbollah procession in 1993. "The whole region is in a state of alert"

response to Israel's 1982 invasion of Lebanon, at the height of the 1978-90 Lebanese civil war. In 1983 Hizbollah inflicted what was arguably America's worst humiliation since Vietnam. Its suicide volunteers truck-bombed the US marine barracks in Beirut, killing 241 soldiers, destroyed the US embassy in Moslem west Beirut and then its embassy in Christian east Beirut, forcing a US withdrawal.

Lebanon. "The whole region, not only Lebanon, is in a state of alert," says Sheikh Nasrallah. "We are willing to defend our people and our country," he adds, warning "these attacks will not stop". But he counsels: "We should wait a bit to see what Netanyahu has to say".

and from Shi'a in the Gulf. "We want to participate in the political life of Lebanon and in the administration of the country," Sheikh Nasrallah says. "Some would prefer us to remain aloof, like Sufi mystics or ascetics, but we want to express the will of the people."

Israeli company discovers oil near Dead Sea. Israel has discovered oil near the Dead Sea, it said yesterday. But it cautioned that more time and studies were required fully to establish the quantity and quality of the reserves. Reuter reports from Tel Aviv.

Jordan, Saudi Arabia heal rifts

King Hussein of Jordan yesterday completed a two-day visit to Saudi Arabia that helped to end six years of bitterness between Amman and Riyadh, Reuter reports from Dubai.

Renowned for his skill in navigating the region's political minefields, King Hussein was greeted at the airport by King Fahd when he arrived on Sunday and senior Saudi officials later attended a banquet in his honour.

Arabia in five years in February. Two years earlier, he snubbed the Jordanian monarch by refusing to see him when he arrived on a pilgrimage.

Attempts by King Hussein at reconciliation gained momentum a year ago when he turned against President Saddam Hussein following the defection by two senior Iraqi officers. Some analysts said the US had also been pressuring Saudi Arabia to mend relations in an attempt to unify moderate Arab states behind the Middle East peace process.

French citizens urged to quit Burundi

By Our Foreign Staff

France yesterday became the latest western nation to urge its nationals to quit Burundi, heightening a panic-stricken rush for air tickets by foreigners stuck in the sanctions-hit capital Bujumbura.

With services by Air France cancelled, expatriates were competing for places on the last two flights scheduled for today by the Belgian carrier Sabena.

Burundi's new regime was meanwhile trying to persuade European nations to press regional powers to rescind the economic blockade Mr Luc Rukindama, foreign minister, lobbying in Burundi's former colonial master Belgium, said sanctions risked further inflaming the conflict between minority Tutsis and majority Hutus.

There was no point forcing the Tutsi authorities to open dialogue with Hutu rebels as they were already committed to that path, he declared. "The embargo will only help the extremists. The sanctions threaten seriously to hamper the peace process."



Vertical text on the right edge of the page, including "Miracle second" and "Growth".

TECHNOLOGY



Sun Microsystems' Java programming language has taken the computer industry by storm because it allows programmers both to create a single software program that can run on different computer systems and use the Internet to distribute programs.

Tom Foremski on rival computer languages that create single programs to run on different systems

Inferno takes on Java

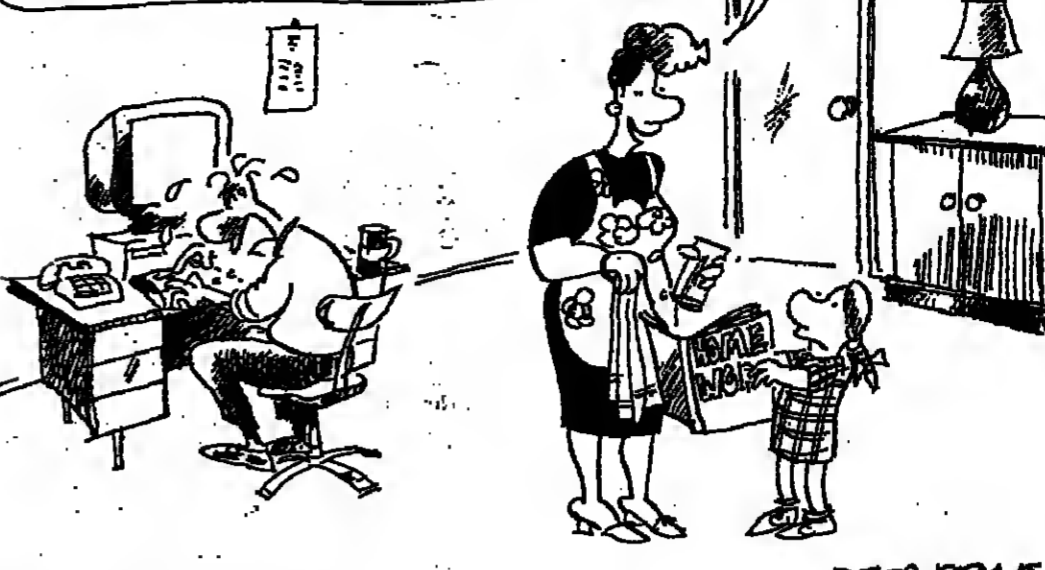
The Inferno operating system is designed to be very small, requiring just 1MB of memory, compared with operating systems such as Microsoft Windows 95 which require eight times as much memory.

Lucent's Inferno operating system and Limbo programming language will provide programmers with the same cross-platform capabilities as Java. Lucent says that Inferno and Limbo have features that make it suitable for running the same application on a wide range of electronic devices, ranging from hand-held computers to large computer systems.

programmers are working on creating Java-based programs. Inferno is very similar to a technology called Telescript from General Magic, of which AT&T was a big supporter not too long ago.

Telescript has, so far, failed to fulfil its initial promise, and AT&T has scrapped a communications network that featured support for Telescript.

YES I KNOW THE ANSWER TO THAT ONE DEAR-COMPUTER LANGUAGE! IS WHAT DADDY USES WHEN HIS PC IS FLAKING UP



ROGER BEALE

"Inferno wasn't inspired by Java. We started working on Inferno about a year ago because we saw a real need to solve some of the challenging issues facing network service providers and programmers.

Lucent gives the example of an application of an interactive shopping catalogue. A user accessing that application over a standard computer modem and telephone line may see text and still pictures, but someone with a faster connection, such as a cable modem operating over cable TV networks, might receive video clips, text and audio.

Robbin points out that all the major operating system companies such as Microsoft, IBM, Novell and Apple Computer have pledged to include Java support within their operating systems.

Currently, applications have to be developed that are specific to the hardware, operating system and network technologies involved. With Inferno, this jumble is resolved through the use of a cross-platform technology.

Skarzynski believes there is plenty of room for both technologies. Inferno, he says, can be used to run Java applications and Lucent will offer Java support if customers request it.

Both Inferno and Java face another issue: they will be able to fulfil the promise of cross-platform applications in commercial terms. "We'll have to wait and see," says Rubbin. "MIS [management information systems] managers care about cross-platform applications but the average user doesn't."

This is part of an occasional series on Internet technology issues.

The phrase "paperless office" has a hollow ring to many engineers and architects, but new computer-aided design (Cad) systems could overcome their scepticism and reduce the paper mountains.

Designers depend heavily on graphical information, such as structural drawings and photographs. The Cad industry is therefore developing technology to allow engineering firms to create virtual databases on the World Wide Web, the graphical section of the Internet.

The theory is fine, but implementation is not easy. Security is one challenge, another is compatibility: Cad suppliers traditionally use proprietary file formats, making it difficult to transfer Cad files between different systems.

The new approach for the Cad industry is object technology. Combined with the Internet, it could reduce the time designers spend in review meetings and improve their creativity.

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Building blocks on the Internet

Geoff Nairn examines a computer-aided design solution for engineers

Increasing globalisation means dealing with suppliers on the other side of the world, but the existing way of working, with endless faxes, e-mail messages and review meetings, is inefficient.

One of the most difficult parts of getting a project designed and built is the communications, as these projects have become very complex," says Tomas Hernandez, associate partner with the New York-based architectural firm Kohn Pedersen Fox.

A further complication is that the Cad industry is on the brink of a technological revolution. Cad systems are today mostly used in the AEC sector as simple electronic drafting boards, producing drawings that are then reviewed and altered manually using red pencil.

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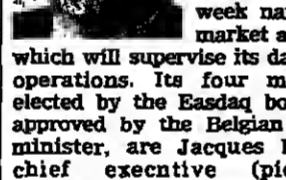
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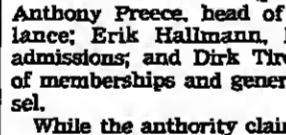
Easdaq names its overseers



Easdaq, the Belgian-based European version of Nasdaq that is due to begin trading at the end of September, last week named the market authority which will supervise its day-to-day operations.



O'Reilly Jr rises Tony O'Reilly (junior) admits that his father, probably Ireland's best known businessman, helped him get his first job at Arcon International.



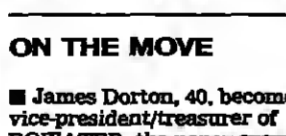
Oracle reshapes Oracle, the world's second largest computer software company, last week named Pier Carlo Falotti, aged 54, to run its fast-growing Europe, Middle East and Africa division.



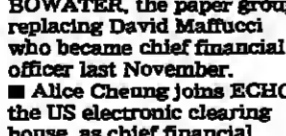
DMG bags Will Markus Will, 32, European communications manager at Merrill Lynch, has joined Deutsche Morgan Grenfell as head of corporate communications worldwide.



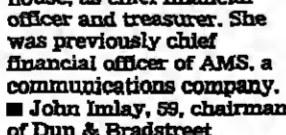
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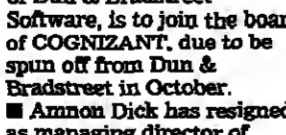
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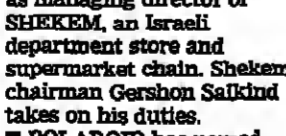
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chairman of HONG KONG TELECOMMUNICATIONS.

Jeffrey Urwin and Henry Tsang join BEAR STEARNS as senior managing directors. Urwin - who joins from Lehman Brothers - will be responsible for International investment banking, excluding Asia; and Tsang - from Merrill Lynch - for Asia, excluding Japan.

Colin Hermon, JARDINE FLEMING's former head of capital markets, has resigned, shortly before he was due to take a position at the company's 50 per cent shareholder, Robert Fleming. He is succeeded in Hong Kong by Russell Julius.

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German shareholders' lobby group DSW, has replaced Hans Peter Peters on the supervisory board of GUBRHEIMER GLAS.

Robert Berger, chairman, also joins the supervisory board, replacing Peter Staab, formerly of the DSW and now chief legal adviser at Lehnkering Montan Transport.

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Poland. He succeeds Mark Greenquist, who moves to a senior position within GM Finance in the US.

Adecco Group, which will be the world's biggest employment agency on completion of the merger of former rivals Adia and Ecco, will be chaired on an alternate basis by Philippe Foriel-Destezet, Ecco's main shareholder, and Klaus Jacobs of Adia. Foriel-Destezet will be chairman for the first year and Philippe Beauviola, hitherto chairman of Ecco TT, vice chairman. Yves Michel Perben also joins the board.

Tom Sommerlatte rises to chairman of Arthur D. Little's global management consulting business. Maurice Olivier, formerly managing director in Brussels, succeeds him as managing director for Europe.

International appointments

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COMMENT & ANALYSIS

FINANCIAL TIMES

Number One Southwark Bridge, London SE1 9HL
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Tuesday August 13 1996

Humiliation in Chechnya

Russia has got itself into an appalling mess in the mountainous border republic of Chechnya. The latest rout of its security forces by a few hundred determined rebels, who seized control of the ruined heart of Grozny, the Chechen capital, last week, serves only to demonstrate once again that this is an unwinnable war for both sides.

A handful of rebels cannot hope to defeat the full force of Russian artillery and air power. But nor can Russia's demoralised, ill-equipped and disorganised troops hold territory that they have bombed into submission. The result is a bloody stalemate which leaves Chechnya devastated, and simultaneously undermines the whole political and economic reform process in Russia.

Pragmatic peace At the same time, Mr Lebed's closest natural ally in seeking a pragmatic peace is Mr Victor Chernomyrdin, the Russian prime minister who is also his greatest rival for the car of an ailing president. Both are on record in seeking an honourable

Russian withdrawal from the battlefield. Yet neither has made any secret of his suspicion of the other. If there is to be any peaceful solution in Chechnya, then clearly Messrs Lebed and Chernomyrdin must bury their differences. They have an excellent opportunity to do so, because all those tainted with the original decision to intervene militarily to prevent a Chechen secession have now been removed from the government - with the exception of Mr Yeltsin himself, who somehow manages to preserve an imperial aloofness.

Real importance Mr Chernomyrdin has already demonstrated that he sees the need for pragmatism. Setting aside any question of military or national pride, the real importance of the rebellious republic for Moscow is that it sits astride the oil pipeline best able to carry oil to and through Russia from the future fields of the Caspian.

The Russian premier knows that any deal must allow the future Chechnya a solid slice of revenues from the transit traffic that is how peace can be bought. In exchange, Russia can reasonably demand guarantees of the free and unhindered flow of oil. That is also a solution that any foreign investor in the future oil fields will be looking for.

Mr Lebed may well be the man who can persuade his military comrades that getting from here to there will not be a sell-out. He also has to convince the Chechens. One option might be the Tatarstan solution: that republic, also Turkic and Moslem, opted for one day of outright independence, in which it voted for substantial powers of self-government, while allowing Moscow to retain control of defence and foreign affairs.

Competition on the railways

By the end of the summer, the Office of Fair Trading will need to decide whether to recommend that the Monopolies and Mergers Commission should investigate the audacious takeover of Porterbrook Lening, the rolling stock company, by Stagecoach, the bus and rail operator.

The OFT should press for a referral. Stagecoach's acquisition raises issues which go to the heart of rail privatisation; and a clear policy is now needed to preserve as much competition as possible.

It would be a particularly sensitive investigation. The dust has barely settled from the political battles which accompanied the break-up of British Rail. The government split BR into more than 50 separate units in the belief that a single organisation would be too big to attract bids from the private sector and would be incompatible with its desire to introduce competition into the network.

Ministers will therefore be unhappy about acquisitions which seem to be recreating a monopoly in private hands. The government and its advisers put much effort into devising the current tripartite rail industry composed of 35 franchised passenger rail service operators (including Stagecoach's South West Trains), three rolling stock leasing companies (among them Porterbrook), and Railtrack, which owns the track. However, the government always intended the system should be shaped by market forces - albeit under the eye of the rail regulator.

Regulator's role The regulator has made a good start at supervising the industry, trying to cope with the competing requirements of protecting rail users' interests, encouraging rail network development, promoting competition and avoiding aspects in the privatisation programme. He is now consulting the industry about whether to ask the OFT to recommend a referral of the Stagecoach deal to the MMC. There are special reasons why it should be investigated. Stage-

coach is a company which needs firm handling. Its aggressive expansion in the bus market has attracted the attention of the OFT a record 24 times. The MMC has condemned its anti-competitive behaviour as "deplorable" and "predatory". In the Porterbrook deal, the company is offering the rail franchising director - who awards franchises - undertakings to keep its transactions with Porterbrook at arm's length and not seek to benefit unfairly from the link.

Greater experience It would be better if the OFT, the Department of Trade and Industry and the MMC, with their greater experience of competition issues and knowledge of Stagecoach, had the opportunity to review such undertakings. Moreover, the company's pledges would have greater weight if given to the DTI.

This would not be the only MMC review of the rail industry. The commission has already been asked to investigate the acquisition of the Midland Main Line franchise by National Express Group, the coach operator - although admittedly the competition issues raised in the case of a company dominating bus and rail in a locality are different, and greater, than in that of Stagecoach and Porterbrook.

To call for referral is not to say that the Porterbrook deal should be blocked. The industry's somewhat artificial tripartite structure is not the only way to run a railway. Franchise holders mostly operate geographically separate routes and do not compete directly. If the undertakings offered by Stagecoach can be made to stick, rival operators may not have much to fear. With much more invested in Porterbrook than in franchises, it would be in Stagecoach's interest to run the leasing company fairly or risk losing customers.

The industry needs dynamic companies, such as Stagecoach, if it is to secure the investment it so badly requires; but the company should be told firmly that it must play by the rules.



Reluctant to bear the burden

In the UK even pro-European business executives are sceptical about the direction of EU social policy, says Stefan Wagstyl

Mr Robert Staples, chairman of Staples, a family-owned company in Huddersfield, is a Yorkshireman clear about his likes and dislikes. And European Union social legislation is near the top of his list of dislikes. "I'm anti the social chapter. And all the way through. So are the great majority of the people I talk to," says Mr Staples, whose company employs about 100 staff making clothing materials.

The debate over the social chapter is often confused. The words apply to the social protocol of the Maastricht treaty which empowers the EU to pass employment-related legislation; it is from this protocol that the UK opted out. So far, the EU has passed two social chapter directives - one obliging larger companies with international operations to establish European-wide works councils for employee consultation and another requiring employers to grant parents (unpaid) leave following the birth of a child.

As well as being concerned about costs, British industry is worried about the underlying philosophy of EU social legislation. Mr Reid at the EEF says there is a cultural gulf between continental countries with laws based on the Napoleonic Code, which are used to obeying top-down directives, and Britain, which has a flexible tradition of common law. "We object to the social chapter not on cost (because the directives passed so far create little extra cost) but on principle. We are afraid of interference in the name of politics."

Others believe this cultural gap is not so great. British multinationals, including BP, the oil group, Glaxo Wellcome, the drugs company, and ICI, the chemicals manufacturer, have decades of experience of operating in different countries. They are among 20 British companies which have voluntarily included British workers in European-wide works councils, even though they could have excluded them, citing the opt-out. Another 25 groups are negotiating similar agreements. The approach is circumspect, as benefits companies which have to work with 15 member states, not just the UK. As Glaxo says: "We look at these matters situation by situation. We act when the requirements of European and national legislation are known."

Mr Michael Meyer, managing director of Emess, the lighting and alarm maker which has staff in France and Germany as well as the UK, is as critical as any one of over-rigid labour laws. But he says: "The opt-out was a clear error of judgment. In two or three years we will be clamouring to get back in."

Ms Samantha Baer, policy adviser of the Institute of Management, which represents 70,000 middle managers, says: "Staying out is damaging British interests." She claims British companies are already reporting difficulties in negotiating long-term ventures on the continent.

Also, potential foreign investors in the UK might be put off if social chapter disputes increase the division between the UK and the rest of the EU. Mr John Bridge, chief executive of the Northern Development Company, the north's investment promotion agency, says: "Whether Britain is in the EU or not is a critical issue."

These worries are shared privately by some executives at leading multinationals, particularly those active in the EU. But they tend to express their concerns about the anti-EU drift in British policy in attacks on Tory Eurosceptics - not on government decisions such as the opt-out. As one CBI official says: "With the election coming, no one wants to put their head above the parapet."

But the sense that some multinationals' boardrooms may be uncomfortable with the opt-out is outweighed by the increasingly outspoken support for the government's approach from many others in British business. As the CBI's Sir Colin Marshall says: "While some big companies with direct contact with the EU have flexible positions, among small and medium-sized companies attitudes are hardening."

This is the second in a series on the social chapter and the UK

OBSERVER

Homing in on the range

What is it about Wyoming? With fewer than half a million residents, it's the least populated US state. And although the retail giant J.C. Penney started there, Wyoming was never mistaken for a financial centre.

Now, however, it's apparently living up to its nickname as the "Cowboy State" - though minus the rodeo. Wyoming appears to have become a favourite homestead for promoters of UK pyramid schemes. You are as likely these days to find an English court wrestling with Wyoming law as with a Liechtenstein trust.

Another Wyoming LLC, Wall Street, showed up in April as an intermediary in transactions between Ostrich Farming Corporation, also shut down on public interest grounds by the UK's Department of Trade and Industry, and a Belgian breeder. Wyoming's attraction appears to be the permissiveness of its

laws governing LLCs, a company structure that combines the benefits of a partnership and a corporation.

But the most curious thing about Texas LLC is the affinity that its "sole manager", Alan Humphrey, shows for Britain. The Cheyenne businessman is also president of Texas American Group, which is still smarting from its unsuccessful attempt to take over Facla Group, a recently collapsed UK retailer. It really is a small world, out there on the range.

Medallion men

The recent bout of optimism at Eurostat, the European Union's statistical service - which beseeched its latest unemployment figures "148m in the EU have a job" - is holding firm. Hot research from the Luxembourg-based boffins purports to show that the EU beat the world - well, almost - at the Atlanta Olympics. Individual EU states like the UK may lament their pitiable performance, but the Union's total medal haul of 229 represented 6.18 medals per 10m population, says Eurostat. That beat Russia's 4.27, the US on 3.54, Japan with 1.12, and China's measly 0.41 - though it trailed Canada's 7.43, and was far short of Australia's 22.78. In

gold medals, the EU won 2.02 per 10m people, ahead of everyone except Australia.

On gold medal ratios, best performers by far were Ireland (8.37) and Denmark (7.85). Worst by far, on 0.17, was... the UK.

It all reminds Observer of the old saw about how a statistician uses numbers like a drunk uses a lamp-post - for support rather than illumination.

Human mystery

Cuba's veteran president Fidel Castro, 70 today, says he doesn't like personality cults. While towns, squares and streets across the island bear the names of martyrs of the Cuban Revolution, Fidel - as he is popularly known - has ordered that nothing should be named after him while he's still alive - an instruction that has been scrupulously followed. That hasn't prevented some Cuban state newspapers marking the occasion by building some verbal monuments. The communist youth weekly Juventud Rebelde has published an eight-page supplement of homage, including the following: "Being close to Fidel, even if it happens just once in your life, certainly gives you a special strength to overcome everything..." His words contain many keys to decipher human mysteries of the

past, future and present." Mind you, the man himself doesn't help dispel the confusion. Asked in a recent CBS TV documentary how he would like to be remembered, Castro replied: "As a socialist... who wanted a fair society such as many other men have dreamed of in the past, including Jesus."

Some business people, who share Mr Fitzgerald's doubts about the direction of EU social legislation, believe the UK should nevertheless sign up to the existing social chapter. They argue that by ending the opt-out, the UK will be better placed to redirect social policy towards boosting competitiveness. Miss Mindy Wilson, European affairs manager at the Building Employers' Confederation, says: "The opt-out is bad. It leaves us with one hand behind our backs when

Russian raspberry

You would hardly count on Alexander Lebed, the former military tough nut who now heads Russia's security council, to be a great supporter of open government and the liberal media. But he won over many a Russian journalist's heart yesterday when he lambasted the press secretaries of the interior and defence ministries, and the Federal Security Service, for refusing to answer their telephones and failing to keep the public informed about developments in Chechnya. "All three press secretaries should be discharged with no severance pay," the former general growled, ominously. "Let them go fishing and grow raspberries at their dachas." Now for the press secretaries at the ministries of agriculture, finance, nationalities, labour, transport...

Financial Times

100 years ago

Manchester Ship Canal Manchester Ship Canal ever being more than an expensive engineering freak, may take a crumb of comfort from the United States Consular reports for July. The Consul at Manchester is of the opinion that the direct trade of the States with the great cotton city will materially increase before long. The consul further remarks, somewhat drily perhaps, that as Manchester has to pay for the Canal the great merchants and warehousemen will all become advocates for increased traffic. But, unfortunately, between advocacy and possession there is a great gulf fixed, as the Canal has hitherto found.

50 years ago

Indian Business Men in UK Seeking British goods for India, a group of Indian business men and manufacturers reached Liverpool yesterday in the Franconia. It is reported that they may spend here £500,000. The manager of four big factories in India and Malaya wants to buy a mill here so that he can speed up deliveries to his factories. Others of the group are in search of textiles, industrial and agricultural machinery, wines, spirits and brassware.

COMPANIES AND FINANCE: UK

Lonrho outlines future for hotels

By Ross Tiaman and Scheherazade Daneshkhu

Princess Metropole Hotels, the Lonrho business heading for a \$600m-£700m flotation, is poised to spend £81.5m (\$127.1m) to make the London Metropole Europe's biggest conference hotel.

improving occupancy. The flotation will be marketed in Britain, continental Europe, and the US.

The sale will repay Lonrho's \$800m of borrowings. It is to be followed before the year's end by the flotation of Lonrho's African trading arm, leaving a rump mining business with interests ranging from precious metals to oil and gas.

Mr Bock, who took control of Lonrho last year after ousting Mr Tiny Rowland, the group's creator, plans to

head the African business and take a 20-25 per cent stake in it.

Mr Bock said the flotation, scheduled for next month, would realise value for Lonrho shareholders, who will be given priority in applying for shares.

It is understood that once floated, the first move by the Princess Metropole board will be to add 360 rooms to the 745-bed London Metropole and to double conference space to 44,000 sq ft. Last year, its occupancy

rates were 66.2 per cent and the average room rate was \$37.80. Both were below the industry average for similar hotels of 69.3 per cent and \$66.68, according to Horwath International, hotel consultant.

Princess operates 10 resort and convention hotels in the Caribbean, Mexico, and US. Birmingham-based Metropole has five hotels with 675 rooms. It also has a contract worth more than £1m a year to manage hotels and game lodges owned by Lonrho's

African trading business.

Princess Metropole will probably float some weeks earlier than Thistle hotels, the UK's second largest hotel company, and the two will be the largest new hotel issues this year.

One analyst said yesterday: "Both will be tough to sell because the new issues market has gone soggy and there is an increasing concern among institutions that hotels are coming to market this year because they are at the top of the hotel cycle."

BBC talks with Flextech

By Raymond Snoddy

The BBC is in advanced negotiations with Flextech, the European programme subsidiary of Tele-Communications of the US, on a joint venture to launch as many as six cable and satellite television channels.

A deal with Flextech could give the BBC its long-sought entry to the US market. The BBC would get the financial backing of TCI, one of the world's largest media groups, estimated to be worth about \$35bn, to launch new channels, not just in the UK, but worldwide.

Flextech, which owns, stakes in, or manages 13 satellite channels, would have its growing role as one of Europe's largest suppliers of satellite television channels enhanced.

The Flextech channels range from TCC - The Children's Channel - to Bravo, the channel that until recently marketed itself as "time warp television" and includes a stake in the UK Playboy channel.

The BBC has a huge programme library and has been looking at the potential of launching new subscription channels for some time.

TCL, run by Mr John Malone, and based in Denver, is the largest cable television operator in the US. Through its programme arm, Liberty Media, it has stakes in more than 90 channels in the US, including a 49 per cent stake in Discovery channel.

The BBC has a huge programme library and has been looking at the potential of launching new subscription channels for some time.

The new BBC channels would almost certainly be launched on existing analogue satellite services but could then also be broadcast on the new digital satellite services as they develop.

It is not clear what the financial relationship between the BBC and Flextech would be in the event of a deal. But it is likely that Flextech would provide the finance to launch and develop new channels in return for significant stakes.

CRH in moves to expand

By Simon London

CRH, the Dublin-based building materials group, has unveiled a hatch of acquisitions and capital spending projects in the UK, US and mainland Europe totalling £55m (\$88.5m).

The largest investments are in Utah, where the group has bought an aggregate and ready-mix concrete business for £10.5m, and in the Netherlands, where its Dutch Brick subsidiary is investing £10.5m upgrading manufacturing facilities.

In the UK, Keyline Builders Merchants has acquired 10 new branches in two separate transactions for a total of £5.1m. Most are in south Wales, where it has purchased the assets of Roofing Centres and Western Brick.

The new branches showed combined trading profits of £700,000 in 1995 on turnover of £12m.

The acquisition of three new DIY stores for £8.4m, through its Van Nerhoos subsidiary, also expands its retailing activities in the Netherlands. Mr Don Godson, chief executive, said CRH had spent £200m on acquisitions in the year to date, its previous record expenditure was £150m in 1994.

CRH has traditionally based its expansion on small bolt-on buys and organic capital investments. This year, however, it has made two larger acquisitions in the US. Those, and the deals announced yesterday, will be financed out of cash flow and existing facilities.

A marriage of necessity

Tim Burt on the joint venture between Dowty and Messier

When Britain's TI Group opted for an arranged marriage for its Dowty landing gear business with Messier of France, it took 18 months to negotiate the deal and two months to agree on a logo.

For the executives behind the joint venture, who eventually settled on a French design depicting an airport runway, agreement on the logo marked the end of a long and sometimes painful journey to create the world's largest landing gear manufacturer.

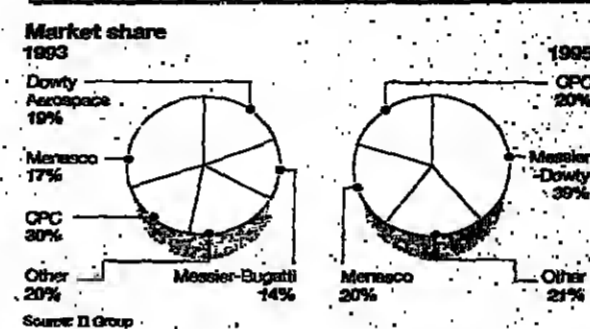
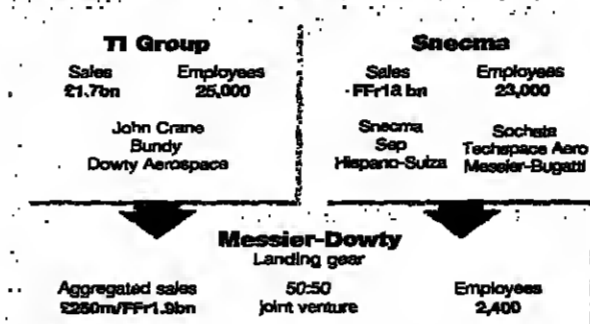
It was a marriage not of convenience but of necessity. Both had realised the recession among airlines and aircraft makers made partnerships more desirable.

Indeed, Messier, a subsidiary of French aero-engine group Snecma, was already working with Monaco of the US, while Dowty, acquired by TI in 1992, was courting North America's CPC Industries. But they failed to consummate those relationships and fell into each other's arms in the hope that a European force would emerge to dominate the landing gear industry. So it has, capturing 39 per cent of the market.

Yet for TI, a joint venture was not the preferred option. Had it been able to agree on price, it would have rather bought one of its US rivals. "TI's first instinct is to control and buy that's what we like to do," says Mr Tony Edwards, chairman and chief executive of the joint venture.

It must have been galling, therefore, to be told by the French government that Messier's landing gear busi-

Messier-Dowty: taking off



ness was not for sale. So the UK group had little option but to embark on 50-50 joint venture talks in 1992.

TI has emerged with most of the prizes in the course of the negotiations. Perhaps hardened by its hostile takeover of Dowty and expatriation of profits in the US, it made a number of tactical concessions in return for a strong hand in the operating management and dividend arrangements.

Such moves are an essential part of joint ventures: knowing when to compromise in the expectation of gains around the corner. The TI negotiators, for example, compromised on

to 62.5 per cent in 1997.

Thereafter, profits will be shared equally between the two parents.

But some industry analysts in London suspect that Snecma may not remain long. A privatisation drive in France could make Messier a self-off candidate and TI has first right of refusal.

The UK group plays down talk of takeover and applauds the engineering expertise of its French partner but admits that acquiring Messier-Dowty outright would be easy because it is already taxed as a UK company. That has enabled both TI and Snecma to avoid double taxation, a prospect which at one time threatened to scupper the deal.

They did so by drawing up a complex "papillon" ownership structure, in which none of the operating arms of the company are owned wholly by the joint venture.

They are now concentrating on increasing market share. Citing Boeing figures, TI estimates the market for new civil aircraft at \$1,000bn over the next 15 years.

But that depends on rising airline profitability in turn driving up aircraft orders. As competition grows those profits could come under pressure, while another conflict like the Gulf war would quickly depress demand for international travel.

Nevertheless, Mr Edwards remains optimistic. "As the industry consolidates it will not need more than two major suppliers," he predicts. "Our landing gear is already an \$4,000 aircraft. We are number one and intend to stay that way."

Templeton Dividend announcement. Templeton Global Strategy Sicyr Société d'investissement à capital variable. Centre Neuhberg, 50, Grand-rue, L-1660 Luxembourg. R.C. B 35 177.

Birmingham Midshires Building Society. £150,000,000 Floating Rate Notes 1999. The notes will bear interest at 6 1/2% per annum for the interest period 9 August 1996 to 11 November 1996.

Notice to Holders of EUROPEAN INVESTMENT BANK Italian Lira 250 Billion Floating Rate Notes Due 2000. Coupon No 13 due from August 9, 1996 to February 10, 1997 will be payable starting February 10, 1997 at the rate of 8.50%.

COMMERZBANK OVERSEAS FINANCE N.V. USD 150,000,000 Subordinated Collared Floating Rate Guaranteed Notes Due 2005. In accordance with the provisions of the Notes the following notice is hereby given: Interest Period: August 12, 1996 to February 11, 1997 (183 days).

Swire Pacific 1996 Interim Results Highlights - unaudited. Profit attributable to shareholders US\$392M +6%. Earnings per share 24.71¢ +6%. Dividends per share 5.51¢ +10%. Adjusted to exclude exceptional items: Profit attributable to shareholders US\$332M -11%. Earnings per share 20.92¢ -11%.

Notice of the Extraordinary General Meeting to be held on Friday, August 30, 1996. The Extraordinary General Meeting will be held on Friday, August 30, 1996, at 2.30 p.m., at rue de Font Neuf, 17, 1000 Brussels (Belgium).

fortis AG Notice of the Extraordinary General Meeting to be held on Friday, August 30, 1996. The Extraordinary General Meeting will be held on Friday, August 30, 1996, at 2.30 p.m., at rue de Font Neuf, 17, 1000 Brussels (Belgium).

Notes: 1. Amounts per share refer to 'A' shares. Entitlements of 'B' shareholders are in proportion 1 to 5 compared with those of 'A' shareholders. 2. All the above figures have been translated from Hong Kong dollars into United States dollars at an exchange rate of US\$1 = HK\$7.8. 3. Dividends are declared in Hong Kong dollars.

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COMPANIES AND FINANCE: UK

Smith & Nephew up in difficult market

By Jenny Luesby

Smith & Nephew yesterday outperformed its competitors in the tough medical equipment market with a 6 per cent increase in first-half pre-tax profits.

Excluding exceptionals, pre-tax profits rose to £90.8m (£141.6m) in the six months to June 29, on sales up 7 per cent at £539.4m.

Mr John Robinson, chief executive, said operating margins had improved from 17 per cent to 17.5 per cent, despite tough conditions in the US healthcare market.

However, the pre-tax margin slipped to 15.8 per cent, against 17 per cent last time when it was buoyed by gains from currency arbitrage.

In the US, where sales volumes increased by 4 per cent, but prices fell by 3 per cent, the group maintained margins through cost-cutting. It expects the US market to remain tough for at least the next two years.

UK sales growth also appeared to slow down in the first half, with volumes up 4 per cent compared with 14 per cent last time. This was largely due to restructuring in medical equipment wholesaling, said Mr Robinson.

Wholesalers based in continental Europe were now responsible for a greater share of UK sales. At the same time, consolidation had led to stock reductions. The group expected UK sales growth to accelerate again in the second half.



John Robinson (left) with his deputy, Chris O'Donnell

Meanwhile, it was continuing to gain market share in all markets, said Mr Robinson.

In Europe, where sales rose by 9 per cent, once the effect of currency movements, disposals and acquisitions had been removed, the French and Spanish markets were now recovering.

In Asia, excluding Japan, sales growth accelerated to 30 per cent. The group's annual sales target for Asia is £100m by 2000, and a third

of group turnover by 2010.

By product, the fastest growing businesses were wound management, casting and support, endoscopy and consumer products, all of which achieved underlying sales growth of 6 per cent.

In the first half, net debt fell by £21m, cutting gearing from 20 per cent to 14 per cent. Net cash flow rose to £14.8m (£9.8m). Before exceptionals, earnings per share rose 6 per cent to 5.6p (5.23p).

Kept keeps portfolio secret

By Roger Taylor

Kleinwort European Privatisation Investment Trust is attempting to prevent details of its investment portfolio leaking to the market ahead of its likely liquidation.

Companies bidding to take over the £500m (£780m) trust to handle its break-up or restructuring are being asked to sign confidentiality agreements covering the shares it holds.

Merrill Lynch, Kept's broker, is worried that prices for Kept's holdings will be marked down if the information leaks to the market. This secrecy presents problems for bidders, as they will be unable to get quotes from marketmakers for the trust's likely sell-off value. Kieven companies are competing to handle the break-up of Kept, which became inevitable after TR European Growth launched a hostile bid. Treg is an investment trust managed by Henderson Touche Renant.

Kleinwort Benson - Kept's current manager - Deutsche Morgan Grenfell, and Guinness Flight have all confirmed they will put forward proposals.

Kleinwort Benson and Guinness Flight, which manages a unit trust investing in privatisations worldwide, are proposing utilising the fund, Fidelity, Fleming and five other companies are also considering a move.

Treg's offer is the only one on the table so far. It will pay cash worth 99.25 per cent of the proceeds of selling Kept's portfolio after deducting bid costs.

The board of Kept is concerned that TR's proposals are too expensive.

Davidson favourite for Telewest

By Raymond Snoddy

Mr Stephen Davidson, the acting chief executive of Telewest, the largest cable operation in the UK, is likely to become chief executive of the £1.5bn company.

He would be one of the few British executives at the very top of the UK cable industry, which is largely dominated by North American companies.

The vacancy has been created by the unexpected departure earlier this month of Mr Alan Michels, more than a year before the end of his three year contract.

Mr Davidson, who is 41, is at present chief financial officer of Telewest, which is controlled by TCI of Denver, the largest cable company in the US, and US West, the regional telephone company.

Telewest has put the chief executive's job out to search consultants, but Mr Davidson, who has worked for both NM Rothschild and Chemical Bank, is seen as firm favourite. With the knowledge of the Telewest board, Mr Davidson has



Stephen Davidson: will put more emphasis on marketing

begun recruiting a replacement as chief finance officer. Mr Davidson said yesterday that he intended to place greater emphasis on marketing and promoting the message that the cable industry can provide everything from entertainment, telecommuni-

actions and data through a single pipe into the home.

The company would increase its spending on marketing by more than 75 per cent next year to £25m-£30m and further increases are expected after that.

Mr Davidson believes that

Telewest and other cable companies will enter the digital market soon after British Sky Broadcasting launches its planned 200-channel service in the last quarter of 1997.

He says that two things digital can provide - near-video-on-demand for films, and top sports events on a pay-per-view basis - will "capture the public imagination".

One of the things that Mr Davidson will have to deal with if he is confirmed in his post is the move towards consolidation in the British cable industry. There have been informal soundings between Telewest and Nynex CableComms which will probably continue. But key issues of price, who would control the dominant organisation, or the tax implications, have not yet been considered in any detail.

Mr Michels, who successfully floated Telewest on the London and New York stock exchanges and took over UK cable company, SBC CableComms, last year, will return to the US next month.

BAA passenger volumes improve

BAA, the airports group, handled a monthly record of 9.7m passengers in July, an increase of 1.3 per cent over the same month last year, writes Geoff Dyer.

However, the group said

that the threatened strike by British Airways pilots resulted in a net loss of 75,000 passengers and a 0.3 per cent drop in passengers at Heathrow, the UK's largest airport.

BAA said that without the strike and the fact that July this year contained one fewer weekend than last, the underlying growth rate would have been 3 per cent.

The July figures revealed a 15 per cent drop in short-haul charter traffic, which BAA said was the result of the continued weakness of the Mediterranean package holiday sector.

RESULTS

| | Turnover (£m) | Pre-tax profit (£m) | EPS (p) | Current payment (p) | Date of payment | Dividends Corresponding dividend | Total for year | Total last year |
|-------------------|-------------------|---------------------|--------------|---------------------|-----------------|----------------------------------|----------------|-----------------|
| BHP | 6 mths to June 30 | 35.3 (30.2) | 4.56 (4.14) | 10.5 (9.4) | 4 | Oct 31 | 3.6 | 11.2 |
| Cantab Pharms | 6 mths to June 30 | 0.025 (0.17) | 3.71 (3.54) | 34.7 (38.1) | - | - | - | 0.2 |
| Esses | 6 mths to June 30 | 83.1 (77) | 2.4 (2.1) | 0.4 (0.5) | - | - | - | 45 |
| Henderson Admin | 3 mths to June 30 | 18.8 (16.1) | 5.32 (4.07) | 16.31 (12.56) | - | - | - | 0.7 |
| London Finance | 6 mths to June 30 | - (-) | 0.131 (0.21) | 0.4 (0.55) | - | - | - | 13 |
| London Industrial | 3 mths to June 30 | 4.01 (3.06) | 1.19 (0.9) | 6 (4.6) | - | - | - | 5.65 |
| Scott | Yr to Apr 30 | 5.06 (5.94) | 0.12 (0.06) | 1.13 (1.83) | 2.28 | Dec 11 | 2.16 | 1.31 |
| Smith & Nephew | 6 mths to June 29 | 90.8 (83) | 91.9 (73.4) | 5.88 (5.94) | 0.556 | Nov 29 | 0.445 | - |
| WPP | 6 mths to June 30 | 3,465 (3,077) | 88.1 (86.5) | 81 (8.9) | - | - | - | - |

| | NAV (p) | Attributable Earnings (£m) | EPS (p) | Current payment (p) | Date of payment | Corresponding dividend | Total for year | Total last year |
|------------|---------------|----------------------------|---------------|---------------------|-----------------|------------------------|----------------|-----------------|
| US Smaller | Yr to June 30 | 224.9 (178.1) | 0.121 (0.021) | 0.24 (0.04) | nil | - | 0.5 | 0.5 |

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. *After exceptional charge. †After exceptional credit. ‡On increased capital. *Comparatives restated.

Proteus chief moves to Cantab Pharmaceuticals

By Daniel Green

Cantab Pharmaceuticals, the Cambridge-based biotechnology company, is appointing Mr Jurek Sikorsky as chief executive.

He currently holds the same post at Manchester rival, USA-traded Proteus International.

Mr Sikorsky, whose background is in drugs marketing, replaces Mr Paul Haycock who is moving to Apex, a London venture capital group.

In the US marketing people often take over from start-up specialists as a biotech company's products near the market, but the move is unusual in the UK biotech sector.

Proteus shares fell 5p to 65p.

In stock market terms, the two companies could hardly be more different. Cantab, whose projects are on track, has been one of the best performers in the sector over the past year; Proteus, whose main products are further from the market, one of the worst.

Mr David Gratton, currently non-executive chairman at Proteus, takes on the executive role until a new chief executive is recruited. He said: "We're surprised that Jurek is doing this but he's had an attractive offer we were not in a position to match."

Cantab, he said, was "further down the track"

towards commercialising its products in development.

It published a first-half net loss yesterday of £3.7m (£5.8m), against £3.54m.

In common with other companies, Cantab will make losses for several years until its drugs in research make it to the market.

The company more than quadrupled its cash balances in the month after the period end. On 8 July 1996, an equity placing to European institutional investors netted £25.7m through the issue of 4.2m new shares at 650p. Also in July, Cantab formed a collaboration with Smith-Kline Beecham Biologicals Manufacturing to develop and market Cantab's TA-GW vaccine for genital warts.

CATHAY PACIFIC

1996 INTERIM RESULTS HIGHLIGHTS

The Heart of Asia.

August 1996 - Waiting for Leica

“One day I took a look for myself through the camera's rangefinder. I discovered a whole new world.”

(Sebastião Salgado)

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INTERNATIONAL CAPITAL MARKETS

Uncertainty over Emu haunts Europe

By Somer Iskander in London and Lisa Branstetter in New York

European bonds traded quietly yesterday, still haunted by the threat of a rise in volatility as uncertainty over European monetary union remained strong.

Mr Kevin Darlington, an economist at ABN Amro Hoare Govett, believes the data make a further cut in the UK base rate increasingly likely.

GOVERNMENT BONDS

Mr Darlington also said that although such a move might be beneficial to short-term interest rates, the yield curve would almost certainly steepen quite sharply, causing losses on bonds with long maturities.

Europe's high-yielders modestly outperformed a weak German market. Italian and Spanish 10-year

yield spreads over bonds tightened by 1 and 3 basis points respectively to 324 and 265 points.

Economists at BIP-Dresdner Bank in Paris said "interest rate divergence could intensify in accordance with the expected depreciation of European currencies [against the D-Mark]."

Important data due this week include today's release of July consumer prices and retail sales figures and Thursday's reports on July industrial production and capacity utilisation.

US Treasury prices slipped in quiet trading early yesterday as investors awaited data later this week.

Near-midday the benchmark 30-year Treasury was down 1/4 at 100 1/4 to yield 6.897 per cent, while at the short end of the maturity

spectrum, the two-year note was unchanged at 100 1/2, yielding 6.890 per cent.

Weakness in recent economic data has persuaded many on Wall Street that the Federal Reserve will not raise interest rates later this month, but questions remain about the course of monetary policy through to the end of the year.

When the swap was taken out, the implied volatility in the contract was about 13 1/2 per cent, a level which given believed was too high, given that the historical volatility of the index was 11 per cent.

Swaps widen market for volatility trading

By Antonia Sharpe

Once the preserve of "rocket scientists" and mathematics professors employed by the more esoteric investment houses, volatility trading could open up to mainstream fund managers if "volatility swaps", such as one structured last month by NatWest Markets, catch on.

Volatility trading is a term for derivatives-based strategies that seek to outperform stock, bond or commodity markets, not by predicting which way they are heading, but by exploiting the impact of market fluctuations on the price of options.

Volatility is a statistical measure of the tendency of the price of a share, commodity or bond to vary over time. It is one of the most important components in pricing options and other derivatives.

During periods of severe price movements in financial markets, the volatility implied in the price of a particular option might suddenly look "expensive" compared with its historical level.

Volatility trading has been limited to a few houses because it needs to be

backed up by expensive computers, which track the volatility embedded in options markets and which can forecast future volatility. It is also mainly conducted on an over-the-counter basis, which is out of bounds for the many fund managers obliged to trade only in listed products.

DERIVATIVE INSTRUMENTS

Such restrictions have impeded the more sophisticated fund manager, who increasingly regards volatility as an asset class in its own right, from accessing the market.

The "volatility swap" agreed last month between Foreign & Colonial High Income Fund and NatWest Markets offers a way for such investors to trade volatility cleanly and via a recognised exchange.

Mr Mark Simmons, associate director of structured finance at NatWest Markets, says the swap, which has a notional face value of \$7.7m, was based on the implied volatility in the September contract of the S&P 500 futures contract.

When the swap was taken out, the implied volatility in the contract was about 13 1/2 per cent, a level which given believed was too high, given that the historical volatility of the index was 11 per cent.

The swap enabled F&C to "sell" the volatility to NatWest Markets at 13 1/2 per cent in the belief that it would fall before it expired on September 18.

Since swaps cannot be listed on an exchange, NatWest devised a "put" warrant structure listed in Luxembourg which allowed F&C to enter into the transaction.

Mr Mark Simmons, associate director of structured finance at NatWest Markets, says the swap, which has a notional face value of \$7.7m, was based on the implied volatility in the September contract of the S&P 500 futures contract.

Broad-based demand for Bayerische Landesbank

By Antonia Sharpe

The widely expected \$500m five-year eurobond offering from Bayerische Landesbank was the main feature of the international bond market yesterday.

The bonds were priced to yield 14 basis points over Treasuries, in line with expectations. They offered a modest pick-up over out-

standing five-year eurobonds issued by other Triple-A-rated borrowers, such as the Council of Europe and Japan's Exim Bank, which traded yesterday at a yield spread of about 11 basis points over Treasuries.

Joint lead manager CSFB said it was pleasantly surprised by the sales made yesterday in the UK, Germany,

New international bond issues

Table with columns: Issuer, Amount, Coupon, Price, Maturity, Yield, Spread, Book-taker. Includes entries for Bayerische Landesbank, Republic of Lithuania, City of Vienna, etc.

First terms, non-callable, semi-annual. Yield based on relevant government bond at launch supplied by lead manager. +Unlimited. 3 Floating-rate note, 6-month annual coupon. Fl. based on offer price; less shown at 100% level. a) 3-month Libor flat. b) Floating with \$50m. Plus 243 days accrued. Long term coupon. c) 5% to 9/10/00, then 7% to 9/10/05 and 8 1/2% thereafter. d) Short 1st coupon.

INTERNATIONAL BONDS

standards five-year eurobonds issued by other Triple-A-rated borrowers, such as the Council of Europe and Japan's Exim Bank, which traded yesterday at a yield spread of about 11 basis points over Treasuries.

Joint lead manager CSFB said it was pleasantly surprised by the sales made yesterday in the UK, Germany,

in light of the unexpected flurry of issuance last week, yesterday's muted start to this week came as a disappointment to syndicate managers who had hoped the level of activity would continue.

Syndicate managers reported that foreign demand for the bonds, in particular from Asia, was much stronger than expected.

Libor plus 225 basis points, down from more than 400 points on the original issue.

Lead manager Nomura said the tighter spread reflected the shorter duration of the bonds and the improved credit situation in Lithuania.

Investors may not only check the status of their account but also receive statistics and graphic presentations to support their decision to buy or sell, it said.

The Deutsche Börse said the price for the service had not yet been determined.

Deutsche Börse to use Internet

By John Drudd

The Deutsche Börse is to offer clients access to banking services on the Internet. DGW, the Börse's banking services division, is to launch the service, developed at a cost of about DM1m, in December.

enabling their customers to query securities accounts and place orders for securities transactions. The orders would be routed electronically to the depository and then to the exchange.

The Deutsche Börse said the price for the service had not yet been determined.

account but also receive statistics and graphic presentations to support their decision to buy or sell, it said.

The Deutsche Börse said the price for the service had not yet been determined.

WORLD BOND PRICES

Table with columns: Country, Coupon, Red Date, Price, Days' change, Yield, Week ago, Month ago. Includes Australia, Austria, Belgium, Canada, Denmark, France, Germany, Italy, Japan, Netherlands, Portugal, Spain, Sweden, UK Gilts, US Treasury, etc.

BOND FUTURES OPTIONS (LFFE) DM250,000 points of 100%

Table with columns: Strike, Price, Sep, Oct, Nov, Dec, Jan, Feb, Mar, Apr, May, Jun, Jul, Aug, Sep, Oct, Nov, Dec. Includes sections for Italy, Spain, and UK.

FT-ACTUARIES FIXED INTEREST INDICES

Table with columns: Price Index, UK Gilts, 1 Up to 5 years (22), 2 5-15 years (20), 3 Over 15 years (8), 4 Incomparable (9), All Stocks (56). Includes sections for Index-linked and FT FIXED INTEREST INDICES.

FT/ISMA INTERNATIONAL BOND SERVICE

Table with columns: Issued, Bid, Offer, Ctr. Yield, Issued, Bid, Offer, Ctr. Yield. Includes sections for US DOLLAR STRATEGIES, EURO STRATEGIES, and OTHER STRATEGIES.

US INTEREST RATES

Table with columns: Treasury Bills and Bond Yields, 1-yr, 2-yr, 3-yr, 5-yr, 10-yr, 30-yr.

BOND FUTURES AND OPTIONS

Table with columns: France, Germany, UK Gilts Prices. Includes sections for France, Germany, and UK Gilts Prices.

Other Fixed Interest

Table with columns: Name, Yield, Price, Bid, Offer, Ctr. Yield. Includes entries for various international bonds.

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CURRENCIES AND MONEY

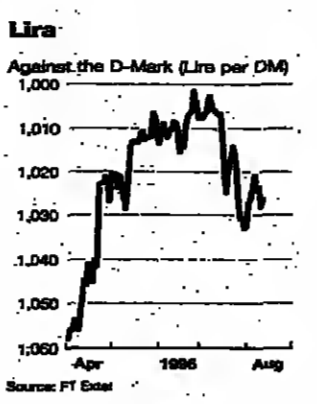
MARKETS REPORT

Markets steady as rumours are laid to rest

By Richard Adams
The Bundesbank's leading officials yesterday took advantage of a quiet trading day to play down expectations of a looming cut in the repo rate and possible delays in the timetable for European monetary union.

against the US dollar in London at DM1.4783, and at Y29.91 from Y73.1297.
The dollar lost ground against the yen, falling below the key support level of Y107.70 during afternoon trading in Europe. It fell to Y107.575 by the close, from Friday's Y108.115.

dollar is not expected to move much ahead of next week's Federal Open Market Committee (FOMC) on August 20 and the next Bundesbank council meeting on August 22.
Mr Tietmeyer's comments came in the wake of the French franc's fall late last week, triggered by rumours of a policy rift between the French president and Mr Jean-Claude Trichet, head of the Bank of France, and suggestions of a delay in the start of monetary union.



expected," Mr Issing said in an interview with Die Welt newspaper.
Mr Issing said a cut in leading interest rates would not provide a solution to Germany's problems, which he said were structural rather than monetary. "If morale in Germany hinges on the Bundesbank cutting the repo rate by 10 or 20 basis points, then things are pretty dire," Mr Issing said.

But some analysts say the Bank of Canada could cut rates again for the seventh time this year, if inflation data on Friday proves to be weaker than expected.
"There still seems to be a view in the market that there is further easing potential - that the general malaise in the economy may warrant further easing," one analyst said.

ing very serious efforts to fulfil the criteria for the EMU start."
Mr Issing disputed calls for an immediate cut in the German repo rate to aid the economy.
"According to the data currently available, Germany will see more favourable growth in the second quarter than generally

But analysts at BZW in London think the Canadian dollar should stay strong in the months to come. "The improvement in fundamentals in Canada suggests that if there is going to be a big move in the Canadian dollar it is more likely to be a strengthening."

WORLD INTEREST RATES

Table with columns: August 12, Over night, One month, Three months, Six months, One year, Lomb Inter., Dis. rate, Repo rate. Rows include Belgium, Denmark, France, Germany, Ireland, Italy, Netherlands, Portugal, Spain, Switzerland, UK, US, Japan.

Table with columns: Euro currency, Short term, 7 days notice, One month, Three months, Six months, One year. Rows include Belgium Franc, Danish Krone, Dutch Guilder, French Franc, Portuguese Esc., Spanish Peseta, Swiss Franc, Canadian Dollar, US Dollar, Italian Lira, Yen, Australian Dollar.

POUND SPOT FORWARD AGAINST THE POUND

Table with columns: Aug 12, Closing mid-point, Change on day, Bid/offer spread, Day's mid low high, One month rate, Three months rate, One year rate, Bank of England index. Rows include Europe, Americas, Asia, Oceania, Africa, Middle East, Pacific.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Table with columns: Aug 12, Closing mid-point, Change on day, Bid/offer spread, Day's mid low high, One month rate, Three months rate, One year rate, J.P. Morgan index. Rows include Europe, Americas, Asia, Oceania, Africa, Middle East, Pacific.

CROSS RATES AND DERIVATIVES

Table with columns: Aug 12, BFR, DM, FF, L, FI, Nkr, Sfr, £, CS, S, Y, Ecu. Rows include Belgium, Denmark, France, Germany, Ireland, Italy, Netherlands, Norway, Portugal, Spain, Sweden, Switzerland, UK, Canada, US, Japan, Korea, Taiwan, Hong Kong, Singapore, Malaysia, New Zealand, Philippines, Saudi Arabia, South Africa, South Korea, Thailand.

D-MARK FUTURES (MM) DM 125,000 per DM

Table with columns: Open, High, Low, Est. vol, Open int. Rows include Sep, Dec, Mar.

SWISS FRANC FUTURES (MM) Sfr 125,000 per Sfr

Table with columns: Open, High, Low, Est. vol, Open int. Rows include Sep, Dec, Mar.

STERLING FUTURES (MM) £50,000 per £

Table with columns: Open, High, Low, Est. vol, Open int. Rows include Sep, Dec, Mar.

EUROPEAN CURRENCY UNIT RATES

Table with columns: Aug 12, Ecu cent, Rate, Change on day, % from v. weakest ind. Rows include Netherlands, Belgium, Austria, Spain, Portugal, Ireland, Denmark, France.

NON ERM MEMBERS

Table with columns: Price, Dec, Mar, Sep, Dec, Mar. Rows include Greece, Italy, UK.

THREE MONTH STERLING FUTURES (LFFE) £50,000 points of 100%

Table with columns: Open, High, Low, Est. vol, Open int. Rows include Sep, Dec, Mar.

SHORT STERLING OPTIONS (LFFE) £50,000 points of 100%

Table with columns: Price, Dec, Mar, Sep, Dec, Mar. Rows include 9400, 9425, 9450.

BASE LENDING RATES

Table with columns: Bank, Rate, Bank, Rate. Rows include Aled & Company, Allied Trust Bank, All Bank, etc.

Advertisement for Boston Global Advisors, Inc. featuring the text 'The Goldman Sachs Trust Company has acquired BOSTON GLOBAL ADVISORS' and 'Boston Global Advisors, Inc. provides agency securities lending services to institutional investors worldwide.' Includes the Goldman Sachs logo.

Advertisement for Swiss Banking on Monday, October 28. Includes the text 'The Financial Times plans to publish a Survey on Swiss Banking on Monday, October 28' and contact information for John Rolley.

Advertisement for SGA Societe Generale Acceptance N.V. featuring 'TME FLOORED BONDS WITH OUT-LIMITS D.V.' and 'Notice is hereby given to the Bondholders that, pursuant to the Terms and Conditions of the Bonds Condition 4, interest, the rate of interest applicable to the period from August 17, 1996 is 7.50%'.

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FT CITYLINE TRUST PRICES ARE AVAILABLE OVER THE TELEPHONE. CALL THE FT CITYLINE HELP DESK ON (+44 1753) 873 4976 FOR MORE DETAILS.

FT MANAGED FUNDS SERVICE

Offshore Funds

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Table listing various offshore funds under the Bermuda (SIB RECOGNISED) category, including fund names and performance metrics.

Table listing various offshore funds under the Bermuda (REGULATED) category.

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GUERNSEY (SIB RECOGNISED)

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SCOTLAND (SIB RECOGNISED)

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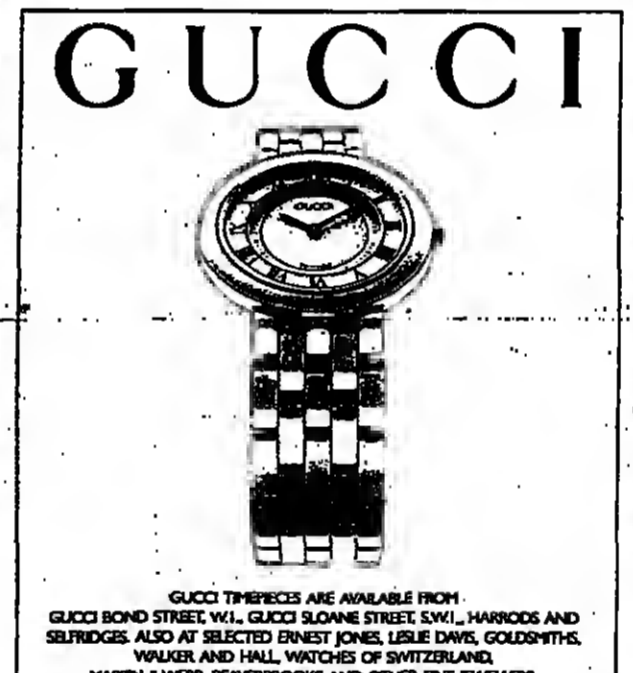
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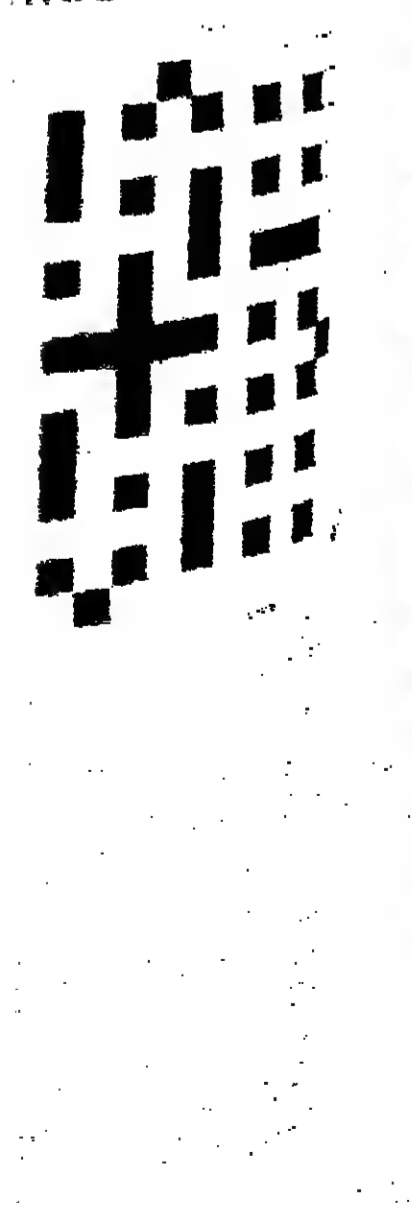


GUCCI TIMEPIECES ARE AVAILABLE FROM GUCCI BOND STREET, WILKINS STREET, SMITH SQUARE AND SURROUNDS. ALSO AT SELECTED JONES, LEJE DAVIS, GOLDING, WALKER AND HALL, WATCHES OF SWITZERLAND, HAYFIN & WEBB, BEVERBROOKS AND OTHER FINE JEWELLERS.

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Offshore Funds and Insurances

FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (44 71) 873 4978 for more details.

FT MANAGED FUNDS SERVICE

LUXEMBOURG

Main table containing fund names, descriptions, and prices. Includes sections for 'LUXEMBOURG (REGULATED)', 'Special Securities', and 'Offshore Funds and Insurances'.

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FT MANAGED FUNDS SERVICE

Offshore Insurances and Other Funds

FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (+44 171) 878 4978 for more details.

Main table of fund prices with columns for Fund Name, Selling Price, and other metrics. Includes sections for Global Investment Funds, Global Asset Management, and Global Equity Funds.

OTHER OFFSHORE FUNDS table listing various international funds like Sun Life International, Sun Life International (UK), and Sun Life International (USA).

ATSP Management Ltd table listing funds such as ATSP Management Ltd, ATSP Management Ltd, and ATSP Management Ltd.

AXA Asset Management table listing funds like AXA Asset Management, AXA Asset Management, and AXA Asset Management.

Affinity Fund table listing funds such as Affinity Fund, Affinity Fund, and Affinity Fund.

Albion Capital Management Ltd table listing funds like Albion Capital Management Ltd, Albion Capital Management Ltd, and Albion Capital Management Ltd.

Alfonsi Investment Management Ltd table listing funds such as Alfonsi Investment Management Ltd, Alfonsi Investment Management Ltd, and Alfonsi Investment Management Ltd.

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MANAGED FUNDS NOTES: This page contains information on the various funds listed in the FT Cityline Unit Trust Prices section.

LONDON SHARE SERVICE

ALCOHOLIC BEVERAGES

Table listing shares in the Alcoholic Beverages sector, including company names and prices.

BANKS, MERCHANT

Table listing shares in the Banks, Merchant sector.

BANKS, RETAIL

Table listing shares in the Banks, Retail sector.

BREWERIES, PUBS & REST

Table listing shares in the Breweries, Pubs & Rest sector.

BUILDING & CONSTRUCTION

Table listing shares in the Building & Construction sector.

CHEMICALS - Cont.

Table listing shares in the Chemicals sector (continued).

DIVERSIFIED INDUSTRIALS

Table listing shares in the Diversified Industrials sector.

ELECTRICITY

Table listing shares in the Electricity sector.

ELECTRONIC & ELECTRICAL EQPT

Table listing shares in the Electronic & Electrical Equipment sector.

ENGINEERING, VEHICLES

Table listing shares in the Engineering, Vehicles sector.

EXTRACTIVE INDUSTRIES

Table listing shares in the Extractive Industries sector.

HOUSEHOLD GOODS

Table listing shares in the Household Goods sector.

INVESTMENT TRUSTS - Cont.

Table listing shares in the Investment Trusts sector (continued).

CHEMICALS - Cont.

Table listing shares in the Chemicals sector (continued).

DISTRIBUTORS

Table listing shares in the Distributors sector.

ENGINEERING

Table listing shares in the Engineering sector.

EXTRACTIVE INDUSTRIES - Cont.

Table listing shares in the Extractive Industries sector (continued).

HOUSEHOLD GOODS - Cont.

Table listing shares in the Household Goods sector (continued).

INSURANCE

Table listing shares in the Insurance sector.

INVESTMENT TRUSTS

Table listing shares in the Investment Trusts sector.

FOOD PRODUCERS

Table listing shares in the Food Producers sector.

ENGINEERING - Cont.

Table listing shares in the Engineering sector (continued).

FOOD PRODUCERS - Cont.

Table listing shares in the Food Producers sector (continued).

GAS DISTRIBUTION

Table listing shares in the Gas Distribution sector.

HEALTH CARE

Table listing shares in the Health Care sector.

HOUSEHOLD GOODS

Table listing shares in the Household Goods sector.

INV TRUSTS SPLIT CAPITAL

Table listing shares in the Investment Trusts Split Capital sector.

ELECTRONIC & ELECTRICAL EQPT - Cont.

Table listing shares in the Electronic & Electrical Equipment sector (continued).

ENGINEERING

Table listing shares in the Engineering sector.

EXTRACTIVE INDUSTRIES - Cont.

Table listing shares in the Extractive Industries sector (continued).

HOUSEHOLD GOODS - Cont.

Table listing shares in the Household Goods sector (continued).

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INV TRUSTS SPLIT CAPITAL

Table listing shares in the Investment Trusts Split Capital sector.



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INV TRUSTS SPLIT CAPITAL - Cont.

Table listing investment trusts with columns for Name, Price, and % Change.

OTHER INVESTMENT TRUSTS

Table listing other investment trusts with columns for Name, Price, and % Change.

INVESTMENT COMPANIES

Table listing investment companies with columns for Name, Price, and % Change.

LEISURE & HOTELS

Table listing leisure and hotels companies with columns for Name, Price, and % Change.

LEISURE & HOTELS - Cont.

Table listing leisure and hotels companies (continued).

LIFE ASSURANCE

Table listing life assurance companies.

MEDIA

Table listing media companies.

PHARMACEUTICALS

Table listing pharmaceutical companies.

PROPERTY

Table listing property companies.

PROPERTY - Cont.

Table listing property companies (continued).

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PAPER, PACKAGING & PRINTING

Table listing paper, packaging & printing companies.

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Table listing property companies (continued).

TELECOMMUNICATIONS

Table listing telecommunications companies.

TEXTILES & APPAREL

Table listing textiles and apparel companies.

TOBACCO

Table listing tobacco companies.

TRANSPORT

Table listing transport companies.

WATER

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AIM - Cont.

Table listing AIM companies with columns for Name, Price, and % Change.

AMERICANS

Table listing American companies with columns for Name, Price, and % Change.

CANADIANS

Table listing Canadian companies with columns for Name, Price, and % Change.

SOUTH AFRICANS

Table listing South African companies with columns for Name, Price, and % Change.

GUIDE TO LONDON SHARE SERVICE

Prices for the London Share Service delivered by FT Stock, a member of the Financial Times Group. Company classifications are based on those used for the FT-SE 100 Index.

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FT Cityline: Up-to-the-second share prices are available by telephone from the FT Cityline service. See Monday's share price pages for details.

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LONDON STOCK EXCHANGE

MARKET REPORT

FT-SE 100 index holds on to the 3,800 level

By Philip Coggan, Markets Editor

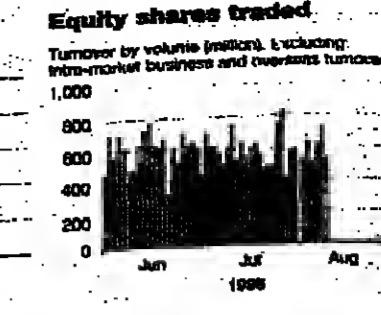
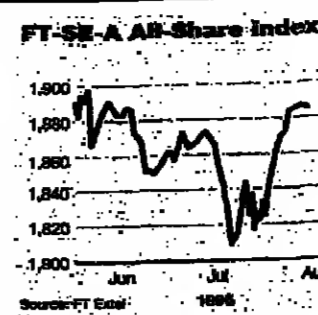
A combination of stocks going ex-dividend, the fall in BAT Industries after a US court ruling on tobacco and a weak start on Wall Street combined to send shares in London lower yesterday.

The FT-SE Mid-250, unburdened by some of the special factors that hit Footsie, managed a 7.4 point rise to 4,331.9. A good set of producer price numbers, which once again showed no immediate inflationary threat, gave a modest lift to sentiment. By mid-morning, Footsie was showing a modest 0.3 point gain.

In the afternoon, the UK market had to struggle against Wall Street, where the Dow Jones Industrial Average was around 27 points lower by the close of London trading. The main cause for the Dow weakness was a decline in Philip Morris as investors reacted to a US court decision awarding damages to a smoker.

The case hit home in the UK as well, where shares in BAT Industries - whose Browns & Williams unit was the subject of the court case - were the worst performers in Footsie. Another piece of news from the US to affect the London market was the decision of Houston Industries to purchase NorAm, a US gas company, for \$3.8bn. Houston had long been rumoured as a bidder for one of the remaining independent regional electricity companies and Rec stocks suffered in consequence.

Despite the negative influences, UK shares managed to hold on to the gains made in early August, when Footsie rose for seven days in a row. Mr Scott Evans, UK equity strategist at UBS, says that "last week, the market was helped by a pretty good set of half year results, some share buy-backs and the return of bid speculation. But at its current level, the market is looking very susceptible to any falls on Wall Street."



Indices and ratios table showing FT-SE 100, FT-SE Mid 250, FT-SE All Share, and various ratios like P/E and Dividend Yield.

Tobacco scares hit BAT

BAT Industries tumbled to its lowest level for more than a year, took more than eight points off the value of Footsie, and contained the seemingly relentless slide of leading conglomerates.

BAT's performance this year reads like one of a troubled trio alongside Hanson and BTR. While the problems of all three are distinct, they have left investors with a liking for conglomerates feeling less than happy.

Hanson has underperformed the broad market by almost 30 per cent this year and yesterday dribbled off 3 1/2 to 165p, even though its Imperial Tobacco arm does not operate in the US.

BTR, which has underperformed the FT-SE A All Share index by 25 per cent this year, was a penny firmer at 259p.

Regional electricity stocks were out of favour as the market registered its disappointment that Houston Industries of the US has taken its cash elsewhere.

FUTURES AND OPTIONS

Table of FT-SE 100 Index Futures and Options prices, including Open, Settle, Change, High, Low, and Volume.

LONDON RECENT ISSUES: EQUITIES

Table of London recent issues including company names, amounts, and prices.

TRADING VOLUME

Table of trading volume for major stocks yesterday, including ASDA Group, British Airways, and others.

CONTRACTS & TENDERS

ARAB REPUBLIC OF EGYPT MINISTRY OF TRANSPORTATION CIVIL AVIATION AUTHORITY INVITATION FOR PREQUALIFICATION (P.Q.)

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statistics, is now firmly back on the road to a more settled period of trading. It has the shares marked down as a strong long-term buy.

FT-SE Actuarial Share Indices table showing various indices like FT-SE 100, FT-SE Mid 250, etc.

FT-SE Actuarial All-Share table showing various sectors like Mineral Extraction, Oil, etc.

Hourly movements table showing index changes at 10.00, 11.00, 12.00, 13.00, 14.00, 15.00, 16.00, 17.00, 18.00.

FT-SE Actuarial 30 Day Indices table showing indices for various sectors like Big & Gen, Pharma, etc.

Additional information table showing FT-SE 100 Day's High, Low, and other metrics.

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FT-SE Actuarial UK Series table showing various indices like FT-SE 100, FT-SE Mid 250, etc.

Hourly movements table showing index changes at 10.00, 11.00, 12.00, 13.00, 14.00, 15.00, 16.00, 17.00, 18.00.

FT-SE Actuarial All-Share table showing various sectors like Mineral Extraction, Oil, etc.

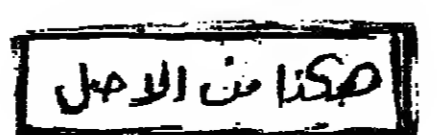
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Highs & Lows shown on a 52 week basis

WORLD STOCK MARKETS

Table of world stock markets including sections for EUROPE, ASIA, PACIFIC, US INDICES, and various regional indices. Each section lists stock symbols, prices, and percentage changes.

Advertisement for 'The Originator' featuring a peregrine falcon. Text includes: 'Peregrine, the specialists in Asian corporate finance and the world's #1 brokerer of Asian equity issues in 1996.' and contact information for Hong Kong, London, and New York offices.

INDICES table showing various regional and global indices with columns for index name, current value, and percentage change.

US INDICES table showing major US market indices such as Dow Jones, S&P 500, and NASDAQ with their respective values and changes.

Table of active stocks in the US market, listing stock names, prices, and volume.

Table of active stocks in the Tokyo market, listing stock names, prices, and volume.

INDEX FUTURES table showing futures prices for various indices. Includes a 'NOTES' section with market commentary and a 'FF FUTURE ANNUAL REPORTS SERVICE' notice.

4 pm Close August 12

NEW YORK STOCK EXCHANGE PRICES

Main table of stock prices with columns for stock symbols, prices, and volume. Includes sub-sections for 'D', 'E', 'F', 'G', 'H', 'I', 'J', 'K', 'L', 'M', 'N', 'O', 'P', 'Q', 'R', 'S', 'T', 'U', 'V', 'W', 'X', 'Y', 'Z'.

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Continued on next page

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NYSE PRICES

Table of NYSE stock prices with columns for stock name, price, change, and volume. Includes sub-sections for 'A-Z', 'T', 'U', 'V', 'W', 'X', 'Y', 'Z', and 'AMERICAN DEPOSIT RECEIPTS'.

NASDAQ NATIONAL MARKET

Table of NASDAQ National Market stock prices with columns for stock name, price, change, and volume. Includes sub-sections for 'A-Z', 'T', 'U', 'V', 'W', 'X', 'Y', 'Z', and 'AMERICAN DEPOSIT RECEIPTS'.

AMERICAN DEPOSIT RECEIPTS

Table of American Deposit Receipts (ADRs) with columns for stock name, price, change, and volume.

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AMERICA

Philip Morris Seita holds, but franc weakness hits Paris slide takes Dow lower

Wall Street

A fall in the share price of Philip Morris sent the Dow Jones Industrial Average lower in early trading yesterday, writes Lisa Branstetter in New York.

At 1 pm the Dow Jones Industrial Average was off 28.85 at 5,652.46, while the more broadly based Standard & Poor's 500 had lost 3.03 at 659.07.

Shares in most other leading tobacco companies had also fallen on Friday, and continued to fall yesterday.

Technology shares were mostly weaker with the Nasdaq composite giving up 5.86

São Paulo weakens

The expiry of options in SAO PAULO later this week was making itself felt, while the interim results released by Telemar over the weekend, which had come within expectations, had little effect on trade.

Telemar, the state telecommunications holding company which is a dominant market capitalisation, said over the weekend that first half profits had risen by more than 300 per cent compared with the same 1995 period.

Buenos Aires was lower at midday, as the Merval index slipped 5.49 or 1 per cent to 530.13.

EUROPE

European tobacco stocks were not all flattened by the award against Brown & Williamson in the US last Friday. In Spain, Tabacalera lost another Pta120 at Pta4,990, and in Switzerland Richemont shed Sfr50 at Sfr1,850.

Turnover fell from DM5,250m to only DM4,200m. In chemicals, Bayer's 13 per cent pre-tax profits gain left it 12 pgs lower at DM51.22; Henkel's 5 per cent rise saw its preferred shares 89 pgs lower at DM90.50.

Among carmakers, Volkswagen put on DM33.30 to DM523.80 ahead of today's first half earnings; and Daimler 56 pgs at DM78.99 after it declined to comment on a Der Spiegel story that it would make a net DM200m profit for 1995 after a DM5.7m loss last year.

ASIA PACIFIC

Shenzhen off 8% on fears of B share restrictions

Rumours that the regulatory authorities in Beijing were to prohibit mainland Chinese investors from buying B shares were reflected in SHENZHEN, where the index tumbled by nearly 6 per cent.

Although brokers said that they had not received official confirmation of the move, which would effectively bar domestic investors from trading the foreign currency-denominated B shares, many investors took flight.

Foreigners bought DDI, the long distance telecom operator, which rose Y21,000 to Y927,000. Reports that it will tie up with Motorola of the US to offer mobile telephone services in Brazil encouraged investors.

Speculative stocks closed mixed. TYK, the firebrick maker, was the most active issue of the day, rising Y20 to Y1,050.

Sentiment was lifted by foreign buying of international blue chips but activity was sluggish, due to the start of the Buddhist summer holiday week.

SHANGHAI followed its own agenda and was led higher on heavy trading in Shanghai Worldbest, a textile manufacturer, while the construction sector also performed well.

The B index rose 0.28 to 53.50 in turnover of HK\$10.01m. Analysts were cautious on market prospects, noting that trading activity was being dominated by domestic investors, while foreign institutions remained mostly absent.

Worldbest gained 0.3 cents to 23.6 cents in volume of 10.5m shares. Construction shares were boosted by expectations of a recovery in the property market.

Industrials ease in S Africa

Industrials retreated just before the close as investors tracked movements on Wall Street.

Gold shares performed well, however, to spite of a decline in the price for bullion.

The overall index gained 2.6 to 6,668.5, the industrial index fell 7.5 to 7,996.1 and the gold index rose 12.9 to 1,795.6.

FT-SE Actuaries Share Indices

Table with columns: Hourly change, Open, 10.30, 11.00, 12.00, 13.00, 14.00, 15.00, Close. Rows include FT-SE Europe 100, FT-SE Europe 200, FT-SE Europe 250.

quarter results from the truckmaker and engineer within the next week or two. They might also have been depressed by weak order figures from the German engineering industry.

ZURICH had mixed pickings in financials as the SMI index fell 20.1 to 3,623.1, SBC rising Sfr2.25 to Sfr241.25 ahead of tomorrow's half year figures.

MAN lost DM6.90, or 2.4 per cent, at DM356.00. Mr Theo Kitz at Merck Finck in Düsseldorf said that traders were anticipating a second

one of the day's exceptions, rising FT 1.30 to FT 93.80 as some investors took the view that the figures would exceed expectations.

US initiative to impose sanctions on companies which had trading relations with Libya and Iran.

ISTANBUL lost 1.3 per cent but traders said that this came in a market of low volume.

That it was extending the mark-to-market deposit margin system to all 23 bourses across India - as against only a few screen-based bourses currently - to curb excessive speculation and prevent payment defaults.

SINGAPORE was depressed by slower GDP growth and a loss at Creative Technology, which dragged down other electronics stocks.

The SEBI said on Friday that it was extending the mark-to-market deposit margin system to all 23 bourses across India - as against only a few screen-based bourses currently - to curb excessive speculation and prevent payment defaults.

Under mark-to-market margins, brokers are required to deposit their notional losses at the end of each day with their respective bourses.

Indian bourses are closed on Thursday for Independence Day and quiet markets, said dealers, were likely to prompt investors to take four days off.

Volume on small lot, overseas buying.

Volume in total 216m shares against 363m. The figure was the lowest for the year, falling below the 228m share level posted on August 5.

The Topix index of all first section stocks rose 3.08 to 1,570.52 and the Nikkei 225 to 1,050.23. Losers led by 693 to 425 with 177 unchanged.

Among leading issues, De Beers put on R2.50 to R132 ahead of today's tottem figures. Minoro rose R1.75 to R99 and Absa lost 65 cents to R21.35 and Kloof added 70 cents to R46.

AMSTERDAM was unable to pull itself out of negative territory and the AEX index finished off 0.77 at 548.71.

Turnover was seasonally low with investors also awaiting first half results later this week.

ENI gained on bargain hunting after being penalised by many institutions last week worried that the group might suffer from a

since April's enthusiastic response to its recovery projections for 1996. Sulzer registered a fall Sfr13 to Sfr740, perhaps on the sagging US dollar; one dealer blamed a newspaper article about possible claims against the company in connection with orthopaedic hip joints, but the company said last December that any possible claims would be within the scope of its normal product liability insurance.

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MARKETS IN PERSPECTIVE

Table with columns: % change in local currency, % change in US \$, % change in US \$ T. Rows include Austria, Belgium, Denmark, Finland, France, Germany, Ireland, Italy, Netherlands, Norway, Spain, Sweden, Switzerland, UK, EUROPE, Australia, Hong Kong, Japan, Malaysia, New Zealand, Singapore, Canada, USA, Mexico, South Africa, WORLD INDEX.

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Regional Markets Figures in parentheses show number of lines of stock.

Table with columns: REGIONAL MARKETS, FRIDAY AUGUST 9 1996, THURSDAY AUGUST 8 1996, DOLLAR INDEX. Rows include Australia, Austria, Belgium, Brazil, Canada, Denmark, Finland, France, Germany, Hong Kong, Indonesia, Ireland, Italy, Japan, Malaysia, New Zealand, Norway, Philippines, Singapore, South Africa, Spain, Sweden, Switzerland, Thailand, United Kingdom, USA, Americas, Europe, Nordic, Pacific Basin, Euro-Pacific, North America, Europe Ex. UK, Pacific Ex. Japan, World Ex. UK, World Ex. Japan.

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Vertical advertisement on the right edge of the page, partially cut off. Includes text: 'Beers bulls', 'Russia's plan', 'diamond cart'.

Handwritten text at the bottom center: 'سكنا من الاهل'